

MODERN SLAVERY STATEMENT



FOREWORD

It is with enormous pride that I write this foreword, my second in the role of Gymshark's CEO. Over the last year we have continued to develop our efforts for Gymshark to be transparent with our efforts on modern slavery. As the news has reminded us, with the conflict in Ukraine as well as the global energy and cost of living crises, we live in challenging times.

Governments around the world increasingly view modern slavery and human trafficking as priority areas for attention and we are already seeing a range of legislative measures taking effect upon individuals and businesses.

Amidst these pressures we have pushed ahead with our determination to be a progressive company, we do this not because we must but because it is the right thing to do. In March, we published our Factory List, our ambitious step to strengthening our human rights due diligence, in which we show where all our retail products are manufactured. This is all part of our ambition to stay transparent on the factories we use. We have in our mind the communities and individuals who are behind the products we sell. Everyone involved in the creation of the Gymshark brand and its products is greatly valued by us. We want to make sure that workers in supply chain are working in a safe workplace without any fear of exploitation.



Although we have made improvements, we accept that there is always more that we can do and we will develop, in the next financial year, further measures to provide scrutiny and assurance of our supply chains. This report reminds us of the scale of that task, a long-term commitment that is required to improve working conditions and prevent exploitation. My Board, our partners and all of us in Gymshark are committed to this activity to prevent any instances of Modern Slavery or Human Trafficking within our business and our supply chains.

This is the fifth annual statement Gymshark has made in accordance with The Commonwealth Modern Slavery Act 2018, the Modern Slavery Act 2015 and The California Transparency in Supply Chains Act 2010. The statement covers the financial year (FY) 2021-2022.



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1.0 Key Activities

PRODUCT SUPPLY CHAIN TRANSPARENCY

Publishing our factory list allows different stakeholders to work together to address any labour rights issues. We have published a tier 1 and tier 2 product supply chain list that includes processes and the gender split alongside worker numbers and factory locations.

COLLABORATION

At Gymshark we believe collaboration with partners, such as NGO's and other stakeholders is important. As a participating brand with Fair Labor Association (FLA), a member of the Sustainable Apparel Coalition (SAC) and brand partner with Better Work we hope to address some of the deep-rooted causes of modern slavery and labour exploitation in the industry.

GOVERNANCE – COMPLIANCE COMMITTEE

The Compliance Committee has been established as part of our corporate governance processes. It draws together key stakeholders and subject matter experts with robust risk management.

SHARED FITNESS

Shared Fitness is our label for Gymshark ethical and environment due diligence programme. The programme incorporates product and non-product supply chain into its scope. Suppliers are subject to consistent due diligence through our monitoring process, to screen for non-compliance or modern slavery risks.



1.1 Transparency Leading to Collaboration

We aspire to stay transparent on the factories we use. To deliver this, we collected data from all our factories including Tier 1, 2 and 3.

We looked in depth into Tier 1 - 3 and published data on.

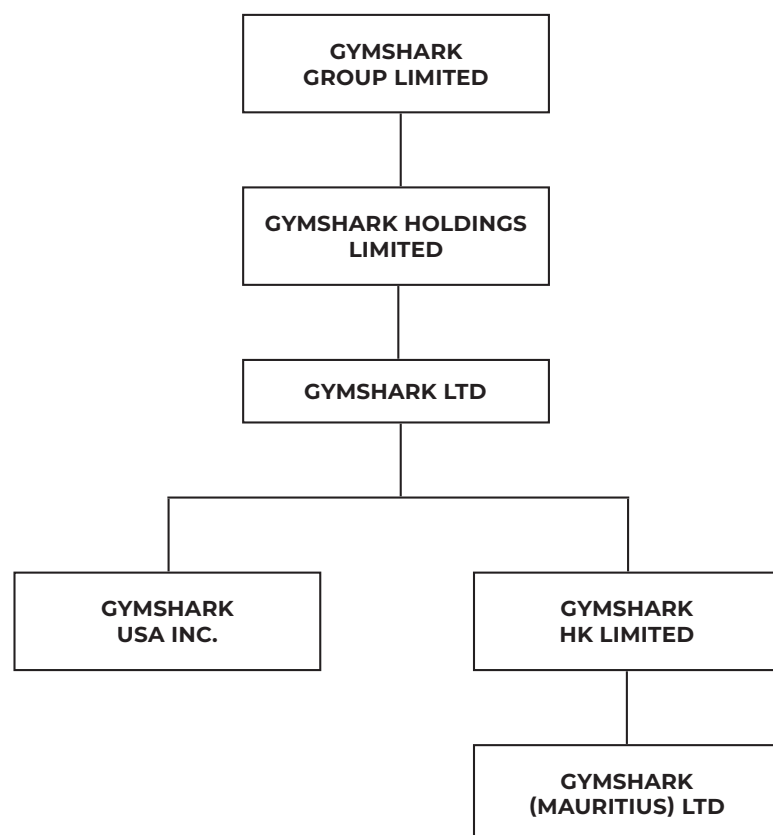
- Manufacturing addresses
- Worker numbers
- Gender split up to supervisory and managerial level

We will continue to update this, on an annual basis, to provide information to our community on where our products are manufactured. We believe supply chain transparency and publishing meaningful data will benefit all stakeholders and enhance collaboration to address human rights abuses.

Outcome: We are already collaborating with other brands and partners, the collaboration only made possible through public listing of factories.



2.0 Our Organisation's Structure



ABOUT US

Gymshark is a fitness and conditioning brand, dedicated to creating functional training apparel, designing innovative performance technologies, and building passionate, empowered communities. Formed in 2012 in Birmingham, UK, Gymshark has emerged as a leading brand in our industry, with a worldwide consumer base from over 180 countries. We exist to unite the conditioning community.

Gymshark Group Limited is the parent company of the group but does not trade.

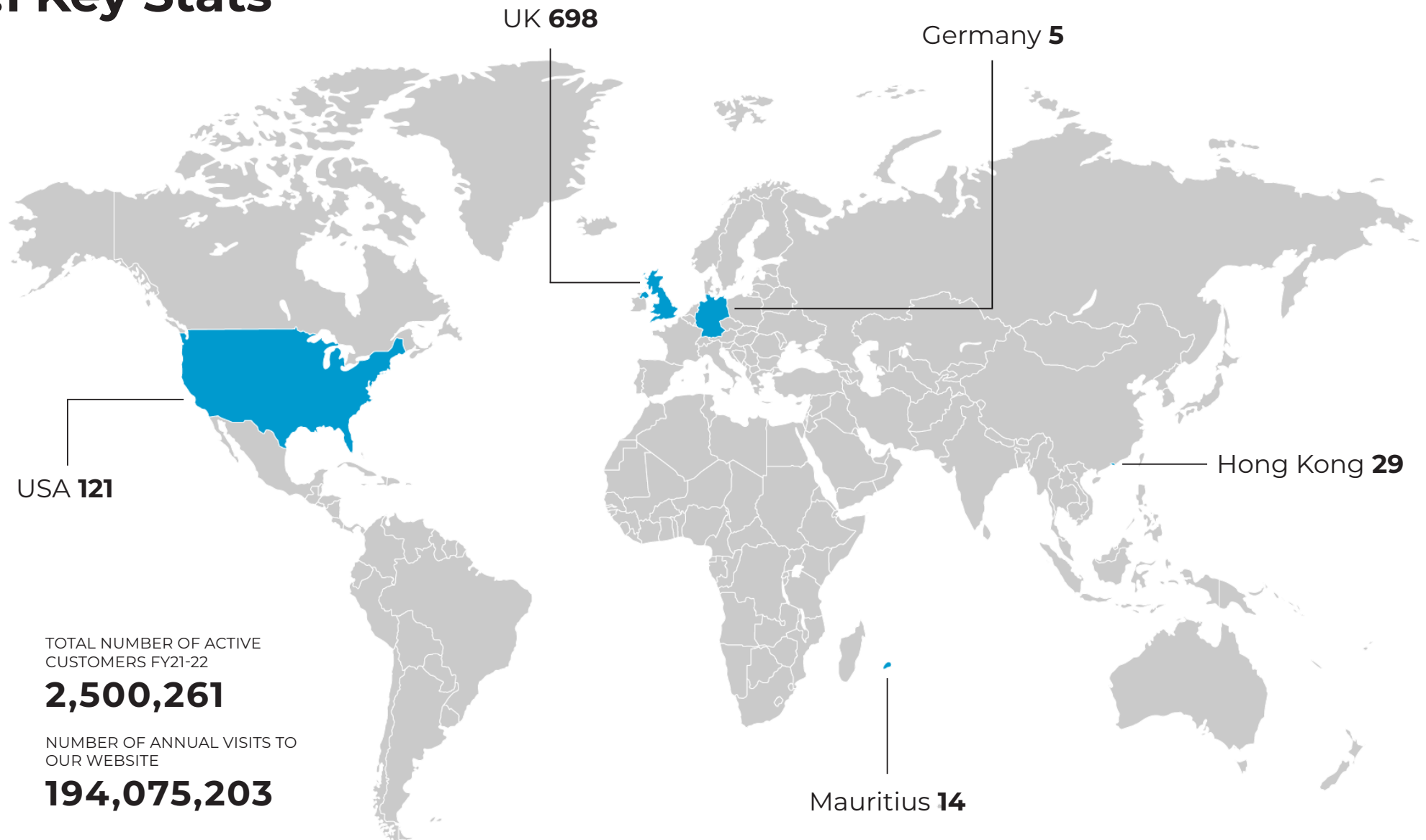
Gymshark LTD's principal activity is the design, manufacture and global online sale of branded fitness apparel and accessories. Its business is based in the UK with headquarters in Solihull and a satellite office in London.

Gymshark USA Inc based in Denver, Colorado was incorporated in July 2019 and since the summer of 2021 has operated as a trading entity in North America in its own right. Support is provided by the UK operations for product, technology, and certain operational aspects.

Gymshark HK Limited and **Gymshark (Mauritius) Ltd** are sourcing offices based in Kowloon Bay in Hong Kong and Cyber City, Mauritius respectively. They provide local, direct contact into the Group's product supply base. The Hong Kong office deals with suppliers based in the Far East, Vietnam, Cambodia, Taiwan, the Philippines, and China. The Mauritius office deals with Mauritius, Sri Lanka, Bangladesh, Turkey, Jordan, Italy, and Madagascar.



2.1 Key Stats



3.0 Our Governance

BOARD AND OPERATIONAL GOVERNANCE

The **statutory board** of Gymshark Group Limited (GGL) has overall accountability for managing all risks and opportunities.

The GGL statutory board is supported by the **Audit and Risk Committee** (ARC) as well as by a **Nomination and Corporate Governance Committee**. The terms of reference for the ARC make it clear that Gymshark should monitor, identify, and deal with any actual or suspected human rights abuses and modern slavery in its supply chain.

GGL's board of directors and sub-committees are supported by operational oversight from within the business. Review and guidance are provided by Gymshark's C-suite through monthly meetings. Subject matter experts from within the business prepare monthly update packs for the C-suite and have a specific section dedicated to ESG and sustainability updates (which includes ethical updates from within the supply chain).

In addition, the Chiefs have delegated more detailed review and monitoring of compliance and risk to a committee of executives who constitute the **Compliance Committee** (CC). The CC meets monthly. The CC's role within the organisation is to bring operational compliance and risk points at Gymshark into regular focus and scrutiny with a group of key stakeholders. Any high-risk issues, including allegations of modern slavery or human rights

abuses, will either be dealt with at the CC or else escalated to the ARC or to GGL's statutory board depending on the severity of the issue. The agenda planner for meetings of the CC specifically includes scheduled times for updates on Gymshark's approach to modern slavery.

MODERN SLAVERY WORKING GROUP

As Gymshark's internal corporate governance evolves and deepens, in September 2021 we established the Modern Slavery Working Group (MSWG) to assist with Gymshark's evolving governance process. The MSWG is a key pillar of our approach to combating modern slavery wherever it exists. Although chaired by the Sustainability Team, the MSWG is composed of key stakeholders from across the company, particularly the Legal, Sourcing, People and Product teams.

The MSWG provides the project oversight for the completion of this statement, ensuring that our statement is as detailed and accurate as it can be. But its remit is not limited to the statement; it provides a quarterly forum for discussing issues, updating on legislative and corporate developments, reviewing progress, and discussing global issues. Its aim is to support Gymshark's employees in enacting and growing our modern slavery strategy and has senior and wide-ranging support. Now moving into its second year, much has been achieved in the MSWG and we are excited about its future.



4.0 Our Supply Chains

Our supply chain as of July 2022 is divided into two categories:

Product and **Non-product** supply chain.

4.1 Non-product Supply Chain

NON-PRODUCT SUPPLIERS

GOODS NOT FOR RESALE SUPPLIERS (GNFR)

Products that are purchased for the purpose of running our business operations for example, office furniture; stationery, hardware, software etc are supplied by a range of external suppliers to the Gymshark group of companies.

INTERNAL CONTRACTORS

Refers to people and organisations that are employed to work within Gymshark's business and have a direct contract or are on a fixed-term basis.

OUTSOURCING PARTNERS

The business contracts with third parties for specialist consultancy or professional services, where there is insufficient in-house expertise or where additional capacity is needed.



4.2 Product Supply Chains

PRODUCT SUPPLIERS

TIER 1 — Manufacturing sites where our apparel and accessories are produced.

TIER 2 — Garment panel dyeing, printing, any other processes.

TIER 3 — Trims and fabrics - knitting, weaving, and dyeing.

TIER 4 — Yarn spinning.

TIER 5 — Raw material origin - farming/ginning.

DISTRIBUTION CENTRE (DCS) AND REPROCESSORS

Suppliers that operate Gymshark's Distribution Centres where the product is picked, packed, and posted.

LOGISTICS

Suppliers that are responsible for the shipment of Gymshark's goods from Tier 1 suppliers to Gymshark's Distribution centres.



Tier 1 & 2



TOTAL NUMBER OF
WORKERS

136,036

NUMBER OF
MALE WORKERS

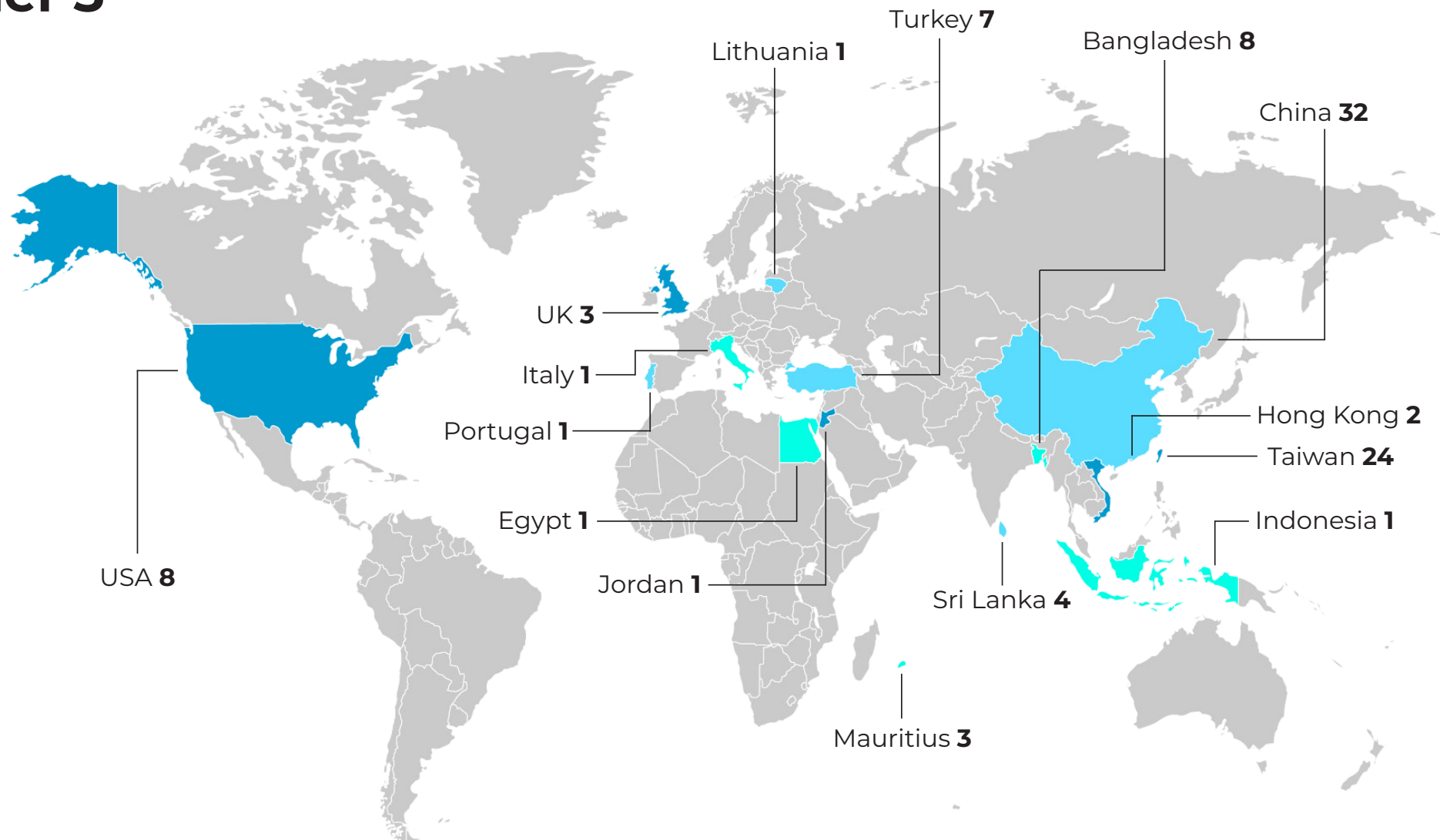
60,578

NUMBER OF
FEMALE WORKERS

75,458



Tier 3



TOTAL NUMBER OF
WORKERS

49,000

NUMBER OF
MALE WORKERS

30,660

NUMBER OF
FEMALE WORKERS

18,340



5.0 Sourcing

NEW SUPPLIERS

Throughout FY21-22 a robust onboarding process was defined and established, to ensure efficient due diligence is completed to onboard any new vendors.

The Sourcing team carries out initial checks to ensure that the potential supplier can meet our requirements.

Once established, the potential supplier goes through a rigorous onboarding process which includes checks from different teams, including the ethical team.

All requirements are outlined during the initial stages of the relationship along with our tier definitions. All our potential Tier 1 supply chain partners need to sign a Vendor Framework Agreement (VFA) to complete the onboarding. The VFA details the supplier's obligations to uphold the code of conduct, setting out our expectations on worker's rights, working hours, child labour, forced labour as well as a transparent approach to continual improvement and remediation.

To ensure we have full transparency within our supply chain, all facilities to be used for Gymshark production must be declared to the sourcing and ethical teams and listed on the purchase orders to ensure correct reporting.

DUE DILIGENCE

Due diligence is carried out on all facilities declared to ensure alignment with our code of conduct which covers modern slavery and human trafficking. For new sourcing territories, we may undertake cross departmental visits including the ethical team to gain a full understanding of the situation in real life. An indicative selection of the visits conducted during FY21-22 are documented as case studies in this statement.

Gymshark nominates the majority of our raw materials and packaging to ensure global consistency unless otherwise agreed. If a tech pack lists a component from a nominated supplier, it is mandatory that this component is sourced from the nominated supplier and no substitutions are made. All suppliers are expected to ensure that the code of conduct is upheld in their wider supply chain.

EXISTING SUPPLY CHAIN PARTNERS

Due diligence and risk assessments are continually completed on existing supply chain partners within tier 1, 2 & 3.

Internally, Gymshark works cross functionally to monitor the supplier's performance on different Key Performance Indicators (KPIs) including ethical, production and quality metrics. Gymshark requires a high level of trust and transparency in our supply chain as well as clear, regular communication. Gymshark encourages supply chain partners to raise any concerns with development, production, or shipment with the appropriate Gymshark contact(s) as early as possible to ensure an optimum solution is found in a timely manner.



VENDOR FEEDBACK

To allow true transparent partnerships with our supply chain partners, we give tier 1, 2 & 3 suppliers an opportunity to provide anonymous feedback on our purchasing practices on an annual basis. The results, suggestions and trends are presented internally and analysed reviewing last year's data. Gymshark appreciate the honesty of supplier feedback and recognise the remediation actions we need to adopt.

Feedback is invited on:



PLANNING



PAYMENTS



REGIONAL
OFFICES



DEVELOPMENT



COST PRICE
NEGOTIATIONS



ORDER PLACEMENT
& PRODUCTION



MATERIALS & TRIM
SUPPLIER



OUR VALUES

RESPONSIBLE EXIT

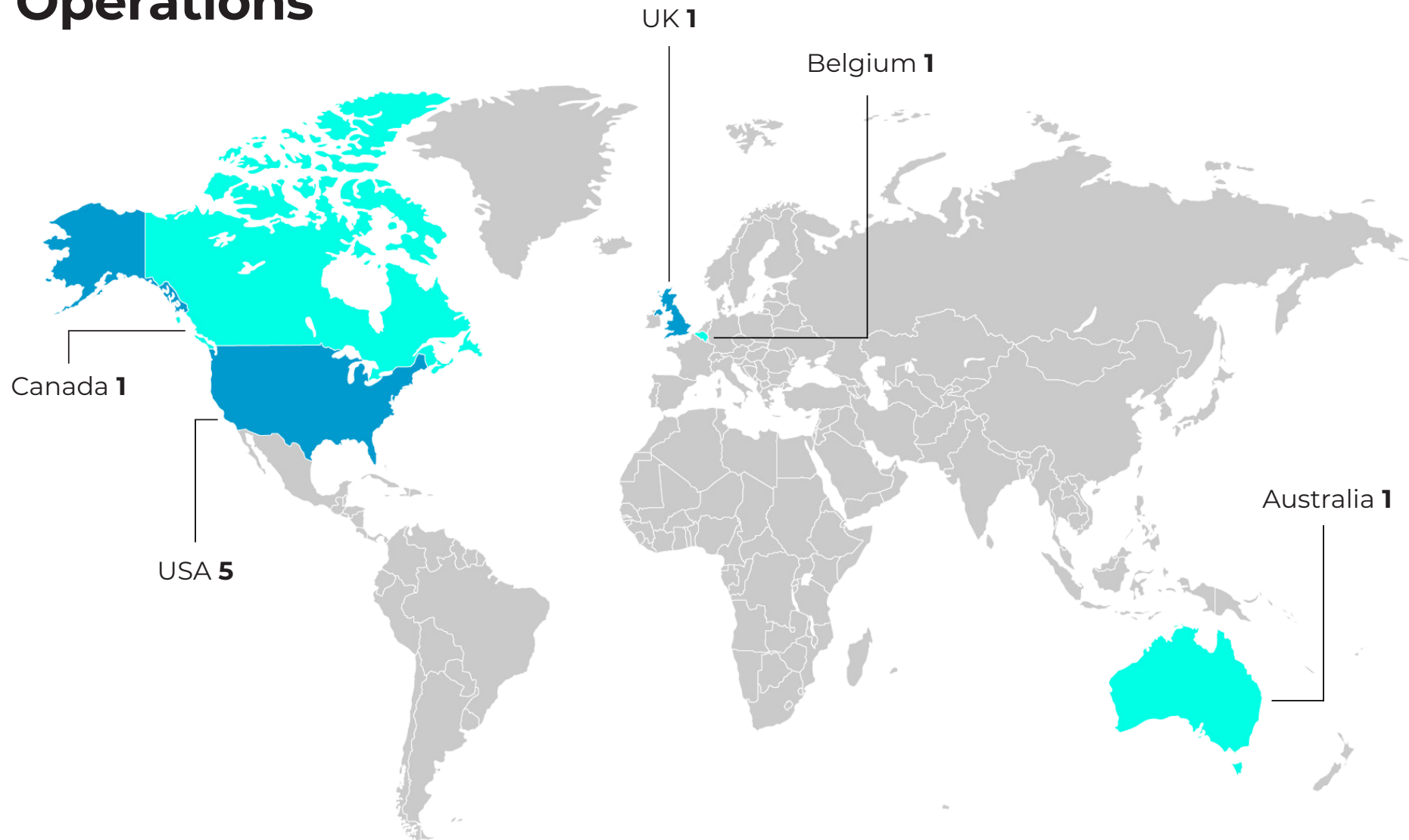
We believe in long term relationships with the supply chain partners. However, if we need to exit a supplier/factory we will strive to exit in a gradual and responsible manner to ensure minimal disruption to the supplier/factory's business. This process involves collaboration between the vendor and the Sourcing, Legal, Materials, Ethical and Sustainability Teams and sending questionnaire to gauge any impact on the workers because of exit process.

FREIGHT

In response to the evolving freight market, we have partnered with a new freight forwarder, who provides increased visibility of the supply chain. We have adjusted our planning tools to ensure all stock arrives at the right place at the right time. The inbound supply chain team has professionalised in the last financial year, going from a tactical to strategic focus, providing the business with more usable data including more accurate freight rates.



6.0 Operations



TOTAL NUMBER OF
WORKERS

1,111

NUMBER OF
MALE WORKERS

453

NUMBER OF
FEMALE WORKERS

658



7.0 Distribution Centres

BLECKMANN

Bleckmann were our first supply chain logistics partner, commencing a relationship with us in August 2017. The Gymshark People Team meet regularly with the Bleckmann HR Personnel to discuss planning as well as any challenges around labour welfare and recruitment.

AUSTRALIA

In April 2021 we went live with our first DC out of Melbourne in collaboration with a subsidiary of Bleckmann's long term logistics partner Axima, Yang Kee Logistics.

UK

In February 2021, we moved our DC from Swindon to Lutterworth, outgrowing the original site which we had occupied since 2017.

RADIAL CANADA

In August 2019, we opened our first North American DC in Mississauga, Ontario to reduce delivery windows and improve customer experience for our North American community.

BELGIUM

Our Rieme DC was our main distribution hub to our global customer base until we expanded our operations in the USA. This will continue to service our European and Rest of World customer base going forwards. We have also optimised the use of 2 pop up DCs in Desteldonk, Ghent and Grobbendonk, Antwerp to serve our German customers during peak periods.

USA

In July 2021, we opened 2 DCs in the United States with our partner Radial, the first in Rialto, California and the second in Groveport, Ohio. In the next year, we intend for all DCs to fall into the scope of the Shared Fitness Programme. In September 2021 – we opened a third site in Allentown, Pennsylvania and in January 2022, we closed the Groveport site.

Happy Returns – In July 2021 – Gymshark partnered with Happy Returns as our North America and Canada returns provider. They have 3 returns centres in the US they use as consolidation centres to deliver their returns to our DCs.



8.0 Our Policies in Relation to Slavery and Human Trafficking

Gymshark has a comprehensive series of internal and external policies that ensures consistent governance and trading. Our policies and procedures guide our approach and help maintain our commitment of prohibiting forced labour in the supply chain. These are reviewed and updated on regular basis. The specific policies related to prevent modern slavery are as follows.

INTERNAL POLICIES

ANTI-SLAVERY AND HUMAN TRAFFICKING POLICY

Outlines how Gymshark aim to act ethically and with integrity in all business dealings internationally and comply with disclosure obligations under the Modern Slavery Act 2015 and the California Transparency in Supply Chains Acts 2010 for example. It also details how all employees can comply with this policy so that modern slavery is prevented, detected, and reported.

SPEAK UP POLICY (GLOBAL)

Outlines how and when employees should 'do the right thing' and speak up about concerns of suspected wrongdoing and malpractice. It also details why this is important to maintain as well as the consequences of breaching this policy.

CORPORATE CRIMINAL OFFENSE POLICY

Outlines how to recognise and prevent tax evasion as well as how to raise any concerns of misconduct. It also shares potential consequences if this policy is breached. Gymshark's approach in dealing with tax evasion is underpinned by the six guiding principles set out by HMRC.

GRIEVANCE POLICY AND PROCEDURE

Outlines both the informal and formal stages of grievances and grievance appeals. This policy highlights the importance of using effective communication to facilitate resolutions to problems or concerns with work or working relationships, before escalating to more formal processes.

EXTERNAL POLICIES

VENDOR FRAMEWORK AGREEMENT

We have vendor agreements in place for Tier 1 apparel and accessories suppliers the agreement outlines our terms and conditions for the supply of goods. The VFA details the vendor's obligations to comply with Modern Slavery and Anti-trafficking laws and the Gymshark Code of Conduct. The agreement is signed both by the vendor and Gymshark's Sourcing Director on behalf of Gymshark.

GYMSHARK SUPPLIER CODE OF CONDUCT

Which defines labour standards that aim to achieve decent and humane working conditions. The standards are based on International Labour Organisation standards and internationally accepted good labour practices. All our suppliers must comply with code of conduct. If there is a difference between the protection offered by law and COC, the higher standards should be applied. In last year, we have added commitment to continual improvement and email address so that workers can contact us, if need arises. In case someone is not satisfied with the response, they can contact Fair Labour Association's complaint channel, contact is mentioned on our code of conduct.



9.0 Partnerships and Collaborations

Partnerships and collaborations are key to combatting the risk of modern slavery. Below is the overview of some of the collaborations and partnerships which help in our due diligence in relation to slavery and human trafficking.

FAIR LABOR ASSOCIATION

We were accepted as a participating brand with the FLA in 2019. The FLA is a multi stakeholder collaborative effort of universities, organisations, and socially responsible companies dedicated to protecting workers' rights around the world. Our membership with the FLA enables us to work collaboratively with other companies, civil society organisations to collectively address the complex human right issues including modern slavery that cannot be solved by an individual company by doing the following:

- Providing us with a wide range of training and tools to build expertise and innovation in business practices, ultimately with the aim of improving working conditions and the lives of workers in the supply chain;
- Keeping us accountable towards our commitment to labour rights by evaluating our business practices through annual evaluation and SCI visits; and
- Providing a third-party Complaint procedure that ensures that workers in our supply chain always have a means of reporting substandard working conditions or practice.

SUSTAINABLE APPAREL COLLABORATION

We are a member of the Sustainable Apparel Coalition (SAC), which provides us with access to a suite of tools to better monitor fair working conditions in our supply chain

- The social impact through FACILITY SOCIAL & LABOR MODULE (FSLM): This tool helps to promote safe and fair, social, and labour conditions for supply chain workers all over the world. This is used to understand hotspots and reduce audit fatigue. Instead of focusing on compliance, time and resources are dedicated to making lasting systemic changes. This tool is utilised for Tier 3 fabric and trim suppliers.
- Track, measure and share our progress through BRAND & RETAIL MODULE (BRM): with value chain partners, consumers, investors, and other key stakeholders.
- Environmental impacts across our supply chain which we utilise to measure and improve performance in partnership with our Supply Partners and internal teams. The following tools relate to the 'Fair Working Conditions' pillar of our sustainability strategy.

U.S. COTTON TRUST PROTOCOL

We are members of the US Cotton Trust Protocol; this membership helps us by supporting supply chain transparency. The Protocol harnesses new technology to Improve and refine traceability.

BUSINESS IN THE COMMUNITY

We are a member of BITC and participate in the Responsible Business tracker which provides us with tools to guide and evaluate us on our journey towards becoming a responsible business by:

- Assessing our performance on a range of issues
- Assessing the extent to which we are creating a societal and environmental value



ZERO DISCHARGE OF HAZARDOUS CHEMICALS

We work with the Zero Discharge of Hazardous Chemicals (ZDHC) group whose mission is to advance towards no release of hazardous chemicals in the textile supply chain. The vision of the ZDHC is widespread implementation of sustainable chemistry and best practices in the textile, leather, and footwear industries to protect consumers, workers, and the environment. It is our ongoing, indefinite commitment to implement the ZDHC's Manufacturing.

BETTER WORK

Better Work is a partnership between the United Nations International Labour Organization (ILO) and the International Finance Corporation (IFC), a member of the World Bank Group. Better Work is a comprehensive programme bringing together all levels of the global garment industry to improve working conditions and respect labour rights for workers, while boosting the competitiveness of apparel businesses. The Better Work approach creates lasting, positive change to supply chains through factory assessments and training, as well as advocacy and research that changes policies, attitudes, and behaviours. The programme partners with international brands and operates in nine manufacturing countries: Cambodia, Indonesia, Vietnam, Bangladesh, Egypt, Jordan, Ethiopia, Haiti, and Nicaragua. Better work by sharing approach and the results of on-the-groundwork, seek to influence policy makers and decision makers to promote decent work and better business.

HOW DO WE ENGAGE WITH BETTER WORK

Better Work works with more than 100 well-known global brands including Gymshark to support a thriving, competitive garment industry with decent working conditions. In collaboration with suppliers,

factories, trade unions and governments, Better Work has created lasting, positive change through capacity-building, assessments, training, and research focused on changing attitudes and behaviour. Collaborating with the programme helps brands help mitigate risk and remedy poor working conditions by supporting suppliers to improve adherence to labour standards and laws; Better Work helps provide better transparency on compliance and supports the development of stable and well-managed sourcing environments. In partnership with Better Work, international brands become industry leaders in the movement to reimagine the global supply chain, where workers' rights are realized, and businesses gain a competitive advantage to grow.

Link - <https://betterwork.org/>



9.1 Shared Fitness

This is Gymshark's due diligence programme of continued improvement, a way of working between Gymshark and its selected supply chain partners to grow sustainable and successful businesses together.

The purpose of Shared Fitness is to assess where each supply partner is on their journey in embedding Gymshark's values, ethical & environmental standards, and identify any challenges in their adoption. Where there are challenges, these will be faced together in partnership to reach resolution.

Gymshark recognises that supply partners may be at different stages on embedding Gymshark's standards within their value chain in the same way that our community are on different stages of their fitness journey. The Shared Fitness Programme will **adapt** and **flex** to the different needs of our partners and facilities as well as to provide the tools that help everyone become their personal best.

9.2 Implementation in Non-product Supply Chain

During FY21-22 Gymshark began work on a new GNFR due diligence system to undertake Pre-Qualification Questionnaires (PQQ) for GNFR suppliers, the PQQ will be broken down into sections where relevant Subject Matter Experts (SME's) within the business will be

responsible for reviewing and approving the supplier, once they have completed and returned the PQQ to Gymshark.

This will be automated via a risk rating which will then trigger the PQQ to be re-issued on a specific time basis (i.e., every 2 years) by which the supplier must re-submit their PQQ for re-approval. This will provide significant assurance on environmental, ethical, financial and security aspects of our GNFR supply chain. This is due to be completed and implemented within FY22-23, in the interim a manual PQQ has been developed and issued out to 'high value' GNFR suppliers to ensure due diligence is held for such suppliers.

Additionally with the construction and development of our London Retail Store, a significant volume of GNFR purchases was required. Purchases were reviewed using a risk-based approach and PQQ / due diligence was undertaken with a number of supply partners for key provisions such as mannequins, visual merchandising, training equipment and catering provisions.

OUTSOURCING PARTNERS

Gymshark works with several partners in a range of key contracts, including but not limited to the following:

- Waste disposal
- Office catering
- Security contractor
- Retail store principal contractor
- Retail store designer/architect

These partners all undergo Pre-Qualification Questionnaire (PQQ) and due diligence checks before being onboarded.



INTERNAL CONTRACTORS

Gymshark has existing 'Arm's Length' and contractor assurance. This aims to ensure that we comply with regulation changes in the UK and overseas which were successfully implemented in FY20-21 and maintained within FY21-22.

9.3 Implementation in Product Supply Chain

Gymshark monitors implementation of our standards and policies through adoption of the industry standards, third party audits, FLA visits, whistleblowing calls and our Gymshark Factory Visit Program. Gymshark continually monitors the progress made by our suppliers on our Shared Fitness values via our Sustainability Scorecard which is our internal methodology to risk rate our suppliers. Shared Fitness is assessed against Gymshark's standards, values, and our minimum requirements.

WHISTLE BLOWING

We have amended our code of conduct to include a contact email where anyone can send an anonymous email and we have also provided option to raise complaint to FLA, if someone is not satisfied with the response. Worker interviews are important part of any visit conducted on behalf of Gymshark during which we always leave email, phone number, and contact details with workers should they decide to get in touch to raise any issues of exploitation, which would always be investigated.

ETHICAL REQUIREMENTS

- ✓ **Provide top line vendor and factory information**
 - This includes names, addresses and worker information. Key information is published on Gymshark's public factory list
- ✓ **Provide full transparency of the Tier 1, 2 and 3 supply chains**
 - Map and document all Tier 2 and 3 suppliers required to create the finished product
- ✓ **Provide one of the accepted third-party audits**
 - Any issues found must be followed within our timelines and with detailed action plans for resolving them
- ✓ **No primary needs violations in accordance with our policies**
 - Including but not limited to legal breaches, child labour, dangerous working conditions, forced labour and excessive overtime

ENVIRONMENTAL REQUIREMENTS

- ✓ **Share HIGG Facilities and Environmental Module (FEM) and complete verification**
- ✓ **Share environmental permits and licenses**
 - We require visibility of all certifications to prove that supply chain partners can legally operate within your local laws
- ✓ **Report wastewater to Zero Discharge of Hazardous Chemicals (ZDHC)**
 - This is only necessary if supply chain partners produce industrial wastewater (direct discharge)



HOW DO WE DEAL WITH ALLEGATIONS OF MODERN SLAVERY?

We have developed a set of indicators divided between definite and strong indicators. The number of indicators define our actions and next steps. The indicators developed are based on ILO indicators. We complete a modern slavery indicator report during all our own visits and commissioned by co visits.

ESCALATION

Escalation procedure is initiated once the potential modern slavery indicator is detected either reported by third-party, third-party report, own visit, whistleblowing call, external partner, or internal team raising a concern.

The process has 2 levels of escalation and time frames attached with each level to prioritise the issue.

REMEDATION

Any number of modern slavery indicators need to be remediated by the factory. Refusal to remediate the issue will result in either not onboarding supplier or locking existing orders and triggering responsible exit process and potential involvement of stakeholders.

In the unlikely event of a supply chain refusing to engage...

RESPONSIBLE EXIT

Exiting a supplier is a big decision with potential consequences for workers. In the case of a zero tolerance issue or where a supplier

refuses to engage in remediation, we follow a timeline for exit, giving the supplier enough notice of our exit so that they are able to arrange alternate work and a questionnaire is sent to them as last step to record the impact.



9.4 Effectiveness of Our Due Diligence

Choosing the right partner from the onset is very important to us. We monitor supply chain implementation of our standards, values, minimum requirements, and policies through their adoption of the HIGG FEM, FSLM, 3rd Party Audits, FLA Visits, Whistleblowing calls and our Factory Visit Program.

Gymshark continually monitor progress made by our suppliers on our Shared Fitness values via our Sustainability Scorecard.

Some of the case studies below highlight the effectiveness of our due diligence in the unlikely event of a supply chain partner refusing to engage.

10.1 Gymshark Regent Street Retail Store

As part of Gymshark's first ever retail store in Regent Street a significant volume of GNFR spend was required not only to design and construct the store but also to fit out the store with everything that's required.

Notable purchases included items such as mannequins, visual merchandising props and hangers. All typical retail store requirements but new supply chains for us to understand and

operate within. As such we worked hard to undertake ethical and environmental due diligence with all proposed supply chain partners to ensure we had full confidence in having those items in our retail store, knowing that we're as confident in those items as we are in the leggings you'll find on the shelf.

Outcome: We conducted environmental and ethical due diligence on all our suppliers who provided goods and services for our retail store.

10.2 Asia Factory Visit

One of our partners visited a factory in major country in Asia as part of due diligence visits and alerted Gymshark to critical issues identified on safety, employment practices and a potential indicator of forced labour.

We met with the vendor who raised the issues and gave them timeline for closure who showed us closure of critical issues identified. We however decided to arrange unannounced visit to factory for verification of potential forced labour indicator, closure of critical safety and employment issues to ensure worker's safety and well being.

Outcome: During our visits, we found there was no risk of forced labour however we identified range of other issues ranging from outsourced products, issues highlighted initially not fixed. We arranged another visit to the factory and were able to fix critical safety and employment issues identified. Given the concerns raised by Gymshark visiting team, we are not able and not willing to place further business.



10.3 Americas' Factory Visits

As part of our new region and supplier sourcing scoping exercise, we undertook a cross departmental visit to four countries in the American continents in spring 2022. We visited a number of tier 1, 2 and 3 factories.

During our visits, we spoke to a number of workers in each facility to understand the working conditions and how they are treated. We also engaged with expert stakeholders on the ground to understand the issues in each country and area.

Common themes noticed were an absence of grievance mechanisms, an absence of basic employment standards (although legal but not aligned to standards we expect) and safety standards were non-existent in some of the tier 2 and 3 factories visited, some of the factories did not want to engage in long term sustainable remediation.

Outcome: Out of a number of factories visited we found only one factory and mill which aligned with our values, and we will be working with them in the future. We did not onboard the other factories as these did not align with our values.

10.4 South Asian Country Factory Visit

We undertook a cross departmental trip to a new sourcing region in summer 2022 and visited number of different factories (tier 1, 2 and 3) to assess the alignment of factories with our values and code of conduct.

During our visits, we spoke to number of workers in each facility to understand the working conditions and how they are treated. We also engaged with expert stakeholders on the ground to understand the issues in each country and area.

Common themes were persistent, sustained ongoing concerns in tier 3 factories ranging from treatment of workers to no recourse to remedy, an absence of functioning grievance mechanisms and unsafe working conditions.

Outcome: We raised our concerns of issues noticed in tier 3 with one of our stakeholders and decided to only work with factories where the issues we stress are resolved.



11.0 Internal Training

Raising internal staff awareness about modern slavery remains a key focus area for us.

All new employees to the business are introduced to the fair working condition pillar at the time of onboarding.

Further, we require a mandatory online modern slavery training module to be completed by everyone which helps to develop better understanding of modern slavery and its impacts. We are currently developing a new modern slavery mandatory training which will be released to all staff as a refresher training and to all new starters to the business moving forward.

The training will ensure that our employees better understand the role they can play in helping us identify and report any indicators of modern slavery they come across in our supply chains. This revised training will be launched to the business in FY 22-23 and will be mandatory to attend.



12.0 Salient Risks

	WHY IS THIS A CHALLENGE?	STEPS TAKEN IN FY21/22	FUTURE OPPORTUNITIES
GNFR	Goods not for resale (e.g., for company's own usage) have decentralised procurement responsibilities. While the supply chains are as complex as product supply chains, there are a limited number of controls which can make it susceptible to risks of modern slavery.	Embedded a due diligence 'know your counter party' process for GNFR suppliers.	All new suppliers to go through GNFR due diligence process.
MIGRANT & AGENCY WORKERS	For migrant workers in any sector, the risk of modern slavery is high. Not being able to speak the local language of their destination country and a lack of understanding around their employment rights, can further increase their exposure and potential exploitation by labour recruiters.	Fully map agency workers throughout our supply chain.	Develop policies and procedures which protect and respect agency and migrant workers within our supply chain. Publish figures of migrant and agency workers by Spring 2023.
FEMALE WORKERS	For the large number of women in the supply chain, an absence of childcare facilities and lack of access to formal education may force them to work in an informal economy making them vulnerable to exploitation.	Continue to map women workers in the supply chain to the level of management positions. Publish figures alongside factory list in March 2022.	Continue to map and publish revised figures by Spring 2023. Continue debate regarding childcare facilities and develop human rights policy.
WORKER REPRESENTATION AND LACK OF GRIEVANCE SYSTEMS	Lack of effective dialogue (formal or informal) between workers and management and an absence of grievance mechanisms can lead to an environment where workers are unable to raise concerns and speak out against any exploitation taking place.	Shared FLA Grievance mechanism toolkit with all tier 1, 2 and 3 suppliers.	Continue to work with tier 1 production facilities to ensure that there is some level of worker representation and presence of grievance channel.



**PURCHASING
PRACTICES**

Unbalanced purchasing practices can prevent supply chain partners from upholding our code of conduct and have the potential for delayed wages to workers, forced or excessive overtime to complete orders, unauthorised subcontracting and precarious employment.

Roll out a Responsible Purchasing Practices Policy for the product supply chain. Develop a cadence for vendor feedback and implement changes following the supplier survey. Continue to provide training on Responsible Purchasing Practices to key stakeholders and deliver refresher training.

Deliver responsible purchasing practices training and publish fair compensation blueprint. Obtain feedback from vendors tier 1, 2 and 3 on purchasing practices.



12.1 Modern Slavery Risks and Developing Risks

	MOST LIKELY OCCURENCE	MOST AFFECTED	REGION	ACTIONS TO ADDRESS RISK
COTTON SUPPLY CHAIN The Bureau of International Labor Affairs (ILAB) maintains a list of goods and their source countries which it has reason to believe are produced by child labour or forced labour in violation of international standards. https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods	Lower tiers beyond fabric mills	Workers working on farms, lower tiers	South Asia	<ul style="list-style-type: none"> • Due diligence conducted ahead of onboarding through third party reports • US cotton trust protocol membership for traceability of cotton • Mitigation techniques such as: audit records, chain of custody, require suppliers' transparency to allow full cotton supply chain mapping
MIGRANT WORKERS We are seeing more migration routes opening up because of wars, climate impact, socio-economic factors or state enforced compulsory forced labour. Migrant workers often do not understand their rights or terms of employment making them more vulnerable to human trafficking, forced, bonded and compulsory labour or do not have a choice in case of state involvement.	Tier 1, 2 and 3	Migrant workers	Central Asia	<ul style="list-style-type: none"> • Mapped all migrant workers • Migrant workers, human rights policy, and remediation expectation to be finalised
TRANSPARENCY Unauthorised subcontracting No visibility of supply chain means we have not conducted due diligence and without any due diligence, in place, there is a high chance of workers being exploited.	Tier 1, 2 and 3	Workers in the unauthorised units		<ul style="list-style-type: none"> • Working on contractual obligation • Factory names added on Purchase orders for Tier 1 supply chain • Public factory list • Annual data collection



13.0 Looking Ahead

We will continue to engage our supply chain partners and internal teams to ensure we and everyone in supply chain understands the responsibility to respect human rights. We are also committed to collaborating with organisations, governments, industry and other stakeholders to influence change and be part of the solution within wider industry.

OUR FOCUS AREAS FOR FY 2022-23:

- Continue work on providing more transparency to our community and publish our revised factory list with figures inclusive of migrant and agency.
- Finalise policies and remediation expectations for product supply chain on human rights, forced labour, migrant workers.
- Redesign internal modern slavery training which will be mandatory for all employees.
- All new non product suppliers to go through due diligence.
- We will deliver responsible purchasing practices training and publish fair compensation blueprint.
- Feedback from product supply chain partners on purchasing practices.
- Continue and expand engagement with wider organisations to

strengthen our due diligence process.

- Continue to follow escalation process whenever we come across modern slavery indicators and take action following investigations.

CEO SIGNATURE



GLOSSARY

ARC	Audit and Risk Committee	HIGG FSLM	Higg Index Facility Social and Labour Module
BITC	Business in the Community	KPI	Key Performer Indicator
CC	Compliance Committee	MSWG	Modern Slavery Working Group
DC	Distribution Centre	NGO	Non-Governmental Organisation
FLA	Fair Labour Association	PQQ	Pre Qualification Questionnaires
FY	Financial Year	SAC	Sustainable Apparel Coalition
GGL	Gymshark Group Limited	SMEs	Subject Matter Experts
GNFR	Goods Not for Resale	USTP	US Cotton Trust Protocol
HIGG BRM	Higg Index Brand and Retail Module	VFA	Vendor Framework Agreement
HIGG FEM	Higg Index Facility Environmental Module	ZDHC	Zero Discharge of Hazardous Waste

